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**U.S. and Southern African Nations Plan  
for Upcoming FTA Negotiations**

***U.S. to Give \$2 Million For Capacity Building Initiatives Necessary for Trade Talks***

PRETORIA, SOUTH AFRICA - The United States and five southern African nations (Botswana, Lesotho, Namibia, South Africa and Swaziland) today agreed on a roadmap for negotiating a free trade agreement (FTA) designed to lower trade barriers, open markets and stimulate economic growth and development. This will be the United States' first FTA in sub-Saharan Africa.

U.S. Trade Representative Robert B. Zoellick also announced an initial \$2 million in U.S. funds for new trade capacity building initiatives related to the FTA. The initiative will help those five countries - members of the Southern African Customs Union (SACU) - prepare for and participate in forthcoming free trade agreement negotiations, implement agreed commitments, and take advantage of new trade opportunities. Discussions regarding the FTA will occur in February, with officials meeting to plan the negotiating process and develop an effective negotiating framework.

“The FTA between the United States and the five SACU countries of southern Africa will provide new opportunities for the peoples of all our countries, and will particularly provide a boost to regional growth, development and prosperity. We want to hit the ground running, and U.S. trade capacity building support will help provide the tools for a mutually effective negotiation,” Ambassador Zoellick said. “U.S. support will help ensure that our FTA will deliver the tremendous benefits of open markets to all sectors of U.S. and southern African society.”

***In Separate Signing Ceremony, U.S. Provides \$15 Million in Housing Loan Guarantees to Help Build 90,000 Homes for up to 500,000 Low Income South African Families***

Following the FTA announcement, Zoellick participated in a signing ceremony with Sankie Mthebi-Mahaneye, Minister of Housing, launching a U.S. housing initiative that can benefit up to 500,000 South Africans. The agreement will provide \$15 million from the U.S. Overseas Private Investment Corporation (OPIC) to the South African government and its National Urban Housing Association (NURCHA) and First Rand Bank. When combined with \$5 million from another U.S. sponsor, the Open Society Institute, the \$20 million program will help build 90,000 homes for low-income families.

“Ultimately, trade is about freedom and economic opportunity. While we put together the building blocks for freer trade between South Africa and the United States through our planned FTA, the United States is pleased to help South Africa address some critical infrastructure needs right now - with a \$15 million loan guarantee to help provide low-income families with 90,000 homes for up to 500,000 people,” said Zoellick.

In conjunction with U.S. Agency for International Development support for South Africa’s housing infrastructure - \$225 million in loan guarantees and over \$90 million in grant funds, technical assistance and training - close to half a million households have new or upgraded housing, with at least 100,000 new units for the poorest families.

### **U.S.- African Trade:**

During their meeting on trade issues, Ambassador Zoellick and the SACU Trade Ministers discussed goals for the FTA and a roadmap for forthcoming negotiations. He was joined by the U.S. Ambassador to South Africa, Cameron Hume, and other senior U.S. officials.

“Through this FTA, we will build on the success of the African Growth and Opportunity Act and establish a true trade partnership between the United States and the nations of southern Africa,” Zoellick said. “The FTA will support our common objectives in the World Trade Organization (WTO) and serve as a model for what developed and developing countries can achieve together through trade.” Following his visit to South Africa, Ambassador Zoellick will proceed to Mauritius, where he will lead the U.S. delegation to the Second U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum.

### **Background**

The Southern African Customs Union (SACU) Trade Ministers are: Jacob Nkate, Minister of Trade and Industry of Botswana; Mpho Malie, Minister of Industry, Trade and Marketing of Lesotho; Jesaya Nyamu, Minister of Trade and Industry of Namibia; Alec Erwin, Minister of Trade and Industry of South Africa; and Abednego Ntshangase, Minister for Foreign Affairs and Trade of Swaziland.

SACU is the largest U.S. export market in sub-Saharan Africa. U.S. exports to SACU were worth more than \$3.1 billion in 2001. Leading U.S. sales to the region include machinery, vehicles, aircraft, medical instruments, plastics, chemicals, cereals, pharmaceuticals and wood and paper products. U.S. foreign direct investment in the SACU countries totaled \$2.8 billion in 2000, largely

in manufacturing, wholesaling and services.

The five SACU countries are leading beneficiaries of the African Growth and Opportunity Act (AGOA), a U.S. trade preference program that, when combined with another U.S. preference program (the Generalized System of Preferences, or GSP), provides duty free access to 38 sub-Saharan countries on approximately 6,500 products. The SACU countries were the top U.S. supplier of non-fuel goods under AGOA in 2001, accounting for more than a quarter of U.S. non-fuel imports from eligible sub-Saharan African countries. Between 2000 and 2001, total U.S. imports of non-fuel AGOA goods from South Africa grew by more than 30 percent. During the same period, U.S. imports from Lesotho rose more than 53 percent, and sales from Swaziland were up 50 percent. As a result of AGOA, Namibia received a multimillion investment in an integrated textile and clothing production complex, and negotiations are underway for two additional factories.

The \$2 million in additional U.S. trade capacity building funds will build on a longstanding U.S. commitment to trade-related technical assistance in southern Africa for AGOA and the WTO. In fiscal year 2002, the United States committed nearly \$5.6 million in direct country assistance to Botswana, Lesotho, Namibia, South Africa and Swaziland, up from \$1.2 million in 2001. The SACU countries also from over \$28 million in programs for the Southern African Development Community (SADC). The United States provided \$345 million in trade capacity building activity in sub-Saharan Africa from 1999 to 2002. The United States is also the largest donor of trade-related technical assistance worldwide, accounting for over 37 percent of \$1.5 billion in global funding in 2001.

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